



Indo-Pacific Strategy and China's Response

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National Institute for South China Sea Studies

The Institute was founded as the Hainan Research Institute of South China Sea (HRISCS) in 1996. In July 2004, the HRISCS was upgraded and renamed as the National Institute for South China Sea Studies (NISCSS). In 2013, the Beijing Office was established in order to promote the study of the South China Sea as well as to expand its academic partnerships. In recent years, the NISCSS has expanded itself internationally. In 2014, the Institute for China-America Studies (ICAS) was launched in Washington, D.C. with the support and sponsorship of the NISCSS-affiliated Hainan Nanhai Research Foundation. The ICAS is an independent think tank focusing on the key issues in US-China relations. It seeks to identify and explore promising areas in which cooperation in this critical bilateral relationship could be further strengthened, such as Asia-Pacific economy, trade, international relations as well as global governance. Also, initiated by the NISCSS, the China-Southeast Asia Research Center on the South China Sea (CSARC) was co-founded by the NISCSS and six influential think tanks in Southeast Asia in 2016. The CSARC will deliver peaceful and rational message to the international community with the common vision of regional countries to maintain peace and stability.

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In January 2018, Pathfinder Foundation established a 'Centre for Law of the Sea'. The CLS has become a reality with a generous contribution made by Moragodage Christopher W. Pinto, former Legal Adviser and head of the Legal Division of the Ministry of Foreign Affairs, who also served as Sri Lanka's Ambassador to Germany and Austria. The Centre for Law of the Sea was founded to focus on research on issues relating to Law of the Sea and its application to current maritime security and governance issues.

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Executive Summary

The Indo-Pacific Strategy (IPS) was firstly officially announced by U.S. President Donald Trump during his Asia trip in November 2017, which is a relatively new maritime-related strategy being developed and implemented by four pillar countries: USA, Japan, Australia and India. This ambitious strategy is composed of two key elements, which mainly refers to the economic integration and defense cooperation with the countries in the Indo-Pacific region. It aims at offering substantive alternative plans with sufficient financial commitment to the regional countries and thus halting the progress of China's Belt and Road Initiative (BRI), consolidating and extending the U.S. network of partnership and maintaining its hegemony in the region, and undermining China's relations with the states along the Indian and Pacific Oceans.

The IPS has gained currency among the so-called liberal countries, in which Japan was the main architect of the IPS. Now, the U.S. has incorporated it in their national security and national defense strategies and has found its way in U.S. legislation as well. Both Australia and India have similar views and concerns regarding China and can be seen as partners of the IPS. In the near future, economic and military cooperation and expansion would be expanded and deepened between the four countries. This could have potentially very negative consequences for China. In addition, ASEAN wants to keep its 'Centrality' in IPS and integrate China's BRI with IPS, so as to maximize economic benefits and minimize security threats.

As a primary target of the IPS, China would be challenged by its implementation. Economically, the IPS would compete with the BRI, thus undermining the Chinese economic presence in the region. Politically, the Sino-U.S. relationship would be tested, and China's relations with regional states, which mainly includes Japan, Australia and India, as well as the littoral countries of the Indian Ocean, would also be adversely affected. Strategically, China's national security, maritime security in particular, would be threatened. Additionally, the U.S. is more likely to deepen its involvement in the South China Sea through IPS.

Nonetheless, the IPS would impose quite limited influence on China due to its internal and external restraints. Internally, the financial difficulty and personnel changes of the Trump administration constitute major obstacles to the IPS. Externally, the different emphasis on the core element of the IPS between the U.S. and other partners, India in particular, constitute another obstacle to the IPS. In addition, the small states in the region, such as ASEAN countries, largely remain reluctant to take sides between the U.S. and China and thus have responded to the IPS prudently.

In order to react more effectively to the IPS, China should continue its forward march of the BRI but with enhanced focus on countering accusations and suspicion levelled against it by America and other countries. China will have to prove that the objectives of the BRI are purely economic and connected to the global supply chain and are not related to strategic and military concerns. China should also pursue cooperation with the U.S. and other states in the region, in order to exert its influence on the IPS, thus reducing the multiple risks that the IPS poses to China.

Introduction

The Indo-Pacific region has been drawing the world's attention more and more in the 21st century due to its increasing economic relevance and geo-political significance. As a result, the great powers and regional countries, such as China, the United States (the U.S.), India, Japan and Australia, have increased their presence in the Indian and Pacific Oceans. In 2013, China announced the Belt and Road Initiative (BRI), a grand strategy aimed at establishing a network of transport, port, aviation and energy related infrastructure around the world. China, then, proposed the China-Pakistan Economic Corridor (CPEC) and China-Myanmar Economic Corridor (CMEC), the two pillars of China's Indian Ocean strategy, in 2013 and 2017 respectively, with attempts to develop these facilities in many countries in the Indian Ocean and thus to advance its economic interests and political influence in the region.

However, China's expansion mainly through BRI in the Indo-Pacific region is viewed with suspicion by the West, the U.S. in particular. This is due to a sense among the regional players that it is more than just a development initiative, and that the ports, connectivity and communications networks that are being laid down could become enablers for Chinese naval logistics, replenishment and power projection capability, down-the-line.

The West, therefore, would like to counter the BRI and offer an alternative proposal to beneficiary states of this project. It is in this context that the U.S. claimed to push forward the Indo-Pacific Strategy (IPS) in November 2017, and revived the QUAD, the dialogue between the U.S., Japan, Australia and India thereafter. In December 2018, the U.S. passed the Asia Reassurance Initiative Act (ARIA) into law, intending to "develop a long-term strategic vision and comprehensive, multifaceted, and principled United States policy for the Indo-Pacific region, and for other purpose" (Wang, 2019). Half a year later, the Pentagon released the first IPS report-Indo-Pacific Strategy Report: Preparedness, Partnership, and Promoting a Networked Region. These can be seen as the U.S.' recent actions aiming to operationalize its policy to counter China.

China's diplomatic outreach in the Indo-Pacific region is viewed as part of its ambition to become a global power in the region, like Japan, Australia and India. For those three countries, Beijing's influence comes at the expense of their standing as regional leaders as well as the power imbalance in the region. In practice, Japan and Australia, the creators of the idea of the Indo-Pacific, reached agreement on jointly implementing the IPS and enhancing defense cooperation with the U.S. India has also expressed its support of the IPS and strengthened partnerships with the U.S., Japan and Australia. Nonetheless, the four states have different objectives or perceptions on the IPS, resulted in slow progress on it.

The IPS will adversely affect China's economic, military and strategic interests, the BRI in particular, thereby causing Chinese countermeasures. Given this, this paper will focus on evaluating the evolvement and objectives of the IPS in today's geostrategic context and the possible implications for China. Thereafter, it will go deeper into China's responses, and suggest that China should respond in a constructive, peaceful and positive manner to counter possible threats emanating from the IPS.

SECTION ONE –Evolution of the ‘Indo-Pacific Strategy’

According to Chen, Indian Navy Captain Gurpreet Khurana, the executive director of India’s think tank, the National Maritime Foundation (NMF) claims the first use of the term ‘Indo-Pacific’ in a strategic perspective in 2007 (Chen, 2018). Khurana in fact used this term in an article published in a ‘strategic analysis’ titled, “Security of Sea Lines: Prospects for India-Japan Cooperation” (Khurana, 2007). In this article Khurana speaks about the Indo-Pacific not merely as a new term but as a geographic concept to describe the growing importance of the Indian and Pacific Oceans. The main reason for developing a militarized concept of the ‘Indo-Pacific’ is largely to counter growing Chinese influence in this region. Earlier it was the Asia-Pacific, a term used by strategists to denote the two regions. Since the Indian Ocean has gained significant world attention, the term changed to ‘Indo-Asia-Pacific’ and subsequently to ‘Indo-Pacific’. This strategy has not really translated to large scale action as of yet. However, it is gaining popularity among the military analysts and strategists as a way to unite the U.S. and other democracies in the Indian and Pacific Oceans to counter the economic rise of China to the top position in the world. However, there is no consensus among major proponents of this strategy as they are still trying to find common grounds and common objectives. The U.S. made the Indo-Pacific Strategy into law by the end of 2018, which could pave the way to legitimize its use of military force in this region. The IPS has conveniently ignored many other littorals such as ASEAN countries, South Korea and smaller, less economically powerful countries in the Indian Ocean as it is centered on four pillars: the U.S., India, Japan and Australia.

Writing to the Indian Air University Journal, Pooja Bhatt attributes Prime Minister Abe of Japan for bringing to greater attention to the concept of the ‘Indo-Pacific’ in his speech to the Indian Parliament termed ‘Confluence of the Two Seas’ in 2007 (Bhatt, 2018). This speech was aimed at bringing greater attention and advancing cooperation in the Indo-Pacific region. Soon thereafter, Australia, India and the U.S. joined ranks in discussing this as a concept at regional level maritime dialogues. Yet, there is no unified definition or agreement on what constitutes the ‘Indo-Pacific.’ Moreover, it is seen as an exclusive grouping that could lead to a ‘maritime cold war’ situation. The U.S. and Japan have promoted the idea that the IPS is an inclusive strategy and not necessarily limited to military related activities, but will endeavor to bring together policy makers and private sector stakeholders for greater collaboration and understanding in shared efforts to expand economies of littoral countries. The term ‘Indo-Pacific’ can be now found in many defense white papers in Australia, Japan and the U.S. This concept has also given rise to quadrilateral security dialogue between the four pillar countries, dubbed the ‘Quad’. The Quad also began in 2007 but did not progress satisfactorily mainly due to the reluctance of Australia in the beginning and, more recently, India. There is also a discussion about expanding ‘Quad’ to be ‘Quad-Plus’, to include the addition of the United Kingdom and France, claiming that these two countries are Indian Ocean countries. The U.S. carrying out of Freedom of Navigation Operations (FONOPs) and the United Kingdom joining them signals the intentions of these countries to exert influence in the Indo-Pacific region. Changing the name of the U.S. Pacific Command (PACOM) to the Indo-Pacific Command (INDOPACOM) in 2018 is another byproduct of this concept.

SECTION TWO – Objectives/Perceptions of IPS for Stakeholders

Although many academic articles and maritime strategic discussions currently discuss the IPS, it is necessary to understand what it means to each of the major players, so as to evaluate the progress and challenges of the concept.

United States

By 2015, China's blue water maritime power was growing, and China was seen as a regional maritime rival by the U.S. In order to contain China at sea, the U.S. Navy, Marine Corps and the Coast Guard integrated concepts promulgated by the new version of the Cooperative Strategy with the prime objective of warfare and concept of forward defense in March 2015. This document describes the Indo-Asia-Pacific region as a region of increased significance for America and its allies and partners. This was the first time the Asia-Pacific term included a separate reference to the region 'Indo' due to the growing importance of the Indian Ocean in global maritime trade and strategic competition. This strategy document also stated that "America's economy and security are inextricably linked to the immense volume of trade that flows across the Indian and Pacific Oceans. The economic importance, security interests, and geography of this vast maritime region dictate a growing reliance on naval forces to protect U.S. interests and maintain an enduring commitment to the stability of the region" (Cooperative Strategy for 21st Century Sea Power, 2015, p. 3.).

In regards China, the same document stated, "China's naval expansion into the Indian and Pacific Oceans presents both opportunities and challenges. For example, China supports counter piracy operations in the Gulf of Aden, conducts humanitarian assistance and disaster response missions enabled by its hospital ship, and participates in large-scale, multinational naval exercises. As a signatory of the Code for Unplanned Encounters at Sea (CUES), China demonstrates its ability to embrace international norms, institutions, and standards, behavior commensurate with rising power status. However, China's naval expansion also presents challenges when it employs force or intimidation against other sovereign nations to assert territorial claims" (Cooperative Strategy for 21st Century Sea Power, 2015).

The National Security Strategy of the U.S. promulgated in December 2017 presented a clear view of how the U.S. views the Indo-Pacific region. It provides the top-most position to the 'Indo-Pacific' region in the section dealing with 'The Strategy in a Regional Context', before Europe and the Middle East, two priority regions for the U.S. earlier, and suggest that the U.S. must marshal the will and capabilities to compete and prevent unfavorable shifts in the Indo-Pacific Region (National Security Strategy of the USA, 2017). The National Defense Strategy of 2018, which is described as 'Sharpening the American Military's Competitive Edge' is the latest American policy document. From this document, it is clear that the U.S. identifies China as the number one threat to their world standing and refers to the Indo-Pacific, which is the ocean space of immediate concern to China as the most significant and immediately important theater. One of the major ideas noted in the IPS report in June 2019 is that China is perceived as a revisionist power, which would undermine the autonomy of countries across the region and challenge

U.S.’ predominance (Indo-Pacific Strategy Report: Preparedness, Partnership, and Promoting a Networked Region, 2019).

The U.S. also considers Japan, Australia and India as allies in its effort of pushing forward the IPS. The quadrilateral Security dialogue between these four countries in the Indo-Pacific Oceans is another component of U.S.’ strategy for Indo-Pacific. Conducting of Freedom of Navigation Operations (FONOPs) by the U.S. and now with UK warships is also part of this grand IPS. Renewed focus of the U.S., Japan and India vying to support and win over other smaller states specially in the Indian Ocean is another component of the IPS of the U.S. This region will witness seamless integration of multiple elements of national power of the U.S. and other allies, including diplomacy, information, economics, finance, intelligence, law enforcement, and military.

Japan

The vision of a ‘Free and Open Indo-Pacific Region’ can properly be attributed to Japan’s Prime Minister Abe, who articulated the term in 2007. Due to political reasons, Abe could not develop this concept during his first term of Premiership. Yet, he materialized the concept during his fourth Premiership in 2017, in which his government released the significant policy document – ‘Priority Policy for Development in 2017’. It wrote: “Japan will promote strategic and effective development cooperation to advance its foreign policy, including the “Free and Open Indo-Pacific Strategy” (Priority Policy for Development Cooperation, 2017). Japan’s ‘free and open Indo-Pacific strategy’ focuses on combining two continents: Asia, which is rapidly growing and Africa, which possesses huge potential for growth, as well as two oceans: the Pacific Ocean and the Indian Ocean. The stated objective was to promote stability and prosperity of the combined region as a whole. As Japan is a net importer of oil, securing the safety and security of sea lanes across the Indian and Western Pacific oceans is an utmost priority for them. This policy also stated the fact Japan no longer wished to be confined as a regional player but wishes to undertake a more robust international role.

The freedom of navigation is the basic pillar of the ‘Free and Open Indo-Pacific Strategy’, highlighting their heavy dependence on the two oceans for sustenance and prosperity. For Japan ‘Free’ means free from maritime threats to their energy supplies and trade. ‘Open’ means not to be restricted by any power but the ability to access the ocean space and air space above it. ‘Open’, furthermore means reciprocal trade, open investment, transparent agreements between nations, and improved connectivity to drive regional ties, as all these will be necessary for the sustainable growth of the region.

Abe’s attempt to undertake revision to the constitution coincide with Japan’s Free and Open Indo-Pacific strategy as Japanese armed forces are expected to play a more robust and forward deployed role in more proactively defending Japan’s interests in a wider ocean area. Japan believes that the threat from China is not only at sea but to their own territory. Japan feels that China is asserting sovereignty in almost in all East China Sea (ECS) and South China Sea (SCS) Islands. Japan is keen in maintaining Free and Open Maritime Order in the Indo-Pacific Region and believes that China should cease reclamation work and militarization of the maritime features in the SCS. If China pays respect to the freedom of navigation and halts provocative activities, the allied forces will also halt defense activities against China. If China continues its current maritime offensive activities, the allied force’s new containment policy may appear in the near future. This could lead to sea skirmishes in the ECS and SCS and may result in naval engagements. Japan feels that China should be an inclusive partner, but China should also follow international norms and rules.

Australia

Australia is in a unique position in the Indo-Pacific construct. In the Indian Ocean, Australia is considered to be an active member in both the Indian Ocean Naval Symposium (IONS) and Indian Ocean Rim Association (IORA), which are Indian initiatives. The Australian Defense White Paper of 2009 has identified the following with regard to the Indo-Pacific: the Indian Ocean will have greater strategic significance in the period up to 2030, and will become an increasingly important global trading thoroughfare, particularly for energy supplies between Asia and the Middle East (Defense White Paper, 2009). However, there is no mention about countering the rise of China but only managing Sino-U.S. relations.

Then, in the Defence White Paper 2013, Australia has reinforced the critical importance of the U.S.-China relationship in shaping Indo-Pacific strategic environment and suggests that ensuring the Indo-Pacific system is predominantly a maritime environment that must not be mismanaged. (Defence White Paper, 2013). Later, in the Defence White Paper of 2016, Australia highlighted the need for maintaining a rules-based global order for growing the prosperity of Indo-Pacific, Australia's need for open access to trading partners, not allowing the misuse of power, and arguing that threats could be managed through discussion and negotiation based on international law. This white paper furthermore indicates that China's growth of national power, including its military modernization, will have a major impact on the stability of the Indo-Pacific through 2035, and emphasizes that China needs to provide reassurance to its neighbors by being more transparent about its defense policies (Defence White Paper, 2016).

The Australian government's white paper of foreign policy of 2017 acknowledges that the international environment has changed significantly and discussed the challenges posed by the rise of China. The paper also points out the need to shape the region in association of like-minded democracies that serves Australia's interests and commitment to rules-based institutions. Australia see the actions by China in the South China and East China seas as major 'fault lines', which challenges the rules-based international order. (Foreign Policy White Paper, 2017).

India

To sustain the economic development and prosperity of its large population, India depends on the Indian Ocean greatly to obtain its energy requirements and carry out maritime trade. Therefore, the Indo-Pacific is the lifeline for India just like for many other countries. As India has never previously faced such a strategic challenge in its maritime periphery/Indian Ocean backyard before it was brought by China, it is hoping that linking "Act East" up with the IPS will help rebalance relationships in its own backyard.

Nonetheless, adjusting to China's inroad to the Indian Ocean region is a new phenomenon which India has not prepared itself well for. A reason for this is that India has very little intention of linking up with the IPS and trying to rebalance Chinese influence beyond South Asia. In other words, India has been a reluctant partner in the broader IPS. However, India has shown some renewed interest in the affairs of 'Quad' as a way to counter growing Chinese naval presence in the Indian Ocean. For India, Indo-Pacific means the entire Indian Ocean and the Pacific Ocean up to the west coast of the U.S. However, the newly formed U.S. Indo-Pacific command demarcates the Indian Ocean only up to the western border of India. India consider itself as the leader of the Indian Ocean and does not like to be dictated by other powers as to what they should do. This is sometimes referred to as the 'Raj Legacy', a legacy left by the British when they left the Indian Ocean which means that India is the 'king' in the Indian Ocean.

ASEAN

Ever since U.S. President Trump announced the “Free and Open Indo-Pacific” in November 2017, the 10-member countries of the ASEAN have not had a unified outlook and clear attitude toward it. However, they all have been anxious on what the possible long-term implications for regional architecture would be. Some SCS claimants, especially Vietnam, have been using the U.S., Japan, India and even Australia as a potential force to balance China’s rapid expansion in this region. They view the U.S.’ IPS as a significant opportunity to impede the progress of China’s maritime strategy, in order to sustain its interests in island controlling and resource exploration in the South China Sea. But the other members countries try to avoid taking side between the U.S. and China and would rather seek a balance between the two countries’ strategic alignments and economic interests. For instance, Indonesia has been pushing ASEAN to announce its vision for the IPS, in order to keep ASEAN’s ‘Centrality’ in IPS and integrate China’s BRI with IPS. In addition, ASEAN’s “Indo-Pacific Outlook” concept paper has emphasized common interests such as development and prosperity, and further seeks to prioritize cooperation in maritime affairs, regional connectivity and achieving the United Nations’ global sustainable development goals. ASEAN states also have ambitions to broker a stable balance of power by means of multilateral and bilateral mechanisms.

SECTION THREE – Main Challenges of the IPS to China

From China's point of view, countries like Australia, Japan and India have put relevant ideas at the governmental and academic levels long before the Trump administration formally proposed the establishment of a "Free and Open Indo-Pacific" order in November 2017. In general, it is common sense among four countries that regard the Indian Ocean and Pacific Ocean as a joint geopolitical unit to strengthen cooperation in maritime issues, defense, economy and diplomacy. The U.S. is the leading country of the IPS, with China as the main target. In this regard, India is seen as the U.S.' most critical ally in the region for it to depend upon.

From the background of the IPS and its subsequent arrangement, America mainly focuses on two points:

1. Preventing China from obtaining absolute power in the Indo-Pacific region, including South East Asia and the Indian Ocean region. In the U.S. view, this would lead to China enjoying overwhelming advantages on maritime issues, having absolute domination of regional economic development, and having absolute discourse power on regional security and economic rules.
2. The IPS aims to maintain America's control in the Indo-Pacific region, such as control of sea lanes and regional economic agenda. On the one hand, the IPS would balance China through supporting India and building quadrilateral security cooperation mechanisms in order to deal with the possible situation that China may obtain unilateral overwhelming force advantage and try to exclude the U.S. from regional economic and security order building. The U.S., on the other hand, incorporates India in the geopolitical architecture led by the IPS to maintain its influence in developing the security and economic order of South Asia and the Indian Ocean region.

From the perspective of China, the real intention of the IPS is to construct an exclusive regional group to counter China. The implementation of this strategy will pose challenges to China at least in three aspects: strategic extension, regional economic cooperation and protection of regional vital interests.

The first is strategic collision with China. After 40 years' development, China has become an indispensable participant and defender of the international system, and in this process, China's interests have expanded globally. Especially with China becoming the world's second-largest economy, the world's largest goods trader and the largest energy importer, direct investment of Chinese enterprises has reached up to \$1.8 trillion in more than 189 countries and regions. In addition, there are more than 10 million Chinese studying and working around the world. The U.S. remains the world's largest economy and military and political superpower. Its allies, partnerships, military bases, multinational corporations and intelligence agencies reach all parts of the globe. Moreover, from this point of view, the overseas interests of China inevitably encounter competition and pressure from the U.S. The ongoing 'trade war' should not be seen as an isolated event between China and the U.S. It is part of the wider efforts to counter the rise of China to be the world's number one economic power. Even the European Union (EU), Japan and Australia are part of the ongoing trade war. During the recently concluded World Economic

Forum (WEF) meeting in Davos, Switzerland, China's economic rise was a major discussion point and the Chinese Vice President had to reassure the international community that China's economic policy is guided by a people-centered development philosophy and emphasized that "we need to accommodate in a balanced manner the interests of all countries, especially those emerging markets and developing countries. One should not ask the whole world to address only the security concern and comply only with the standards of developed countries or individual countries" (Wang, 2019).

Secondly, it is about the impact of China's regional economic cooperation initiative. As many American scholars have argued, the BRI is a strategic arrangement with the purpose of expansion of geo-political and geo-economic sphere of influence. The IPS proposed by the U.S. is partly meant to counterbalance its possible influence on the dominant position of regional order in the Indo-Pacific. Hence the IPS will necessarily pose competitive challenges to the implementation of BRI, despite the IPS lacking financial commitment.

The final point is about the challenge to China in management of the South China Sea (SCS) situation and safeguarding maritime rights. Since 2012, the U.S. has been deeply involved in the territorial and maritime jurisdiction disputes among China, the Philippines, Vietnam, Malaysia and Brunei, and also rapidly strengthening its military deployment in the SCS. Under the Trump administration, the U.S. has carried out more than 14 FONOPs against China in the SCS and also invited the UK to conduct joint military exercises. The SCS issue has become a working point for the U.S. to contain China from further extension of its economic, political, diplomatic and military power. Within the framework of the IPS, the U.S. will further increase force deployment in the SCS and conduct close-in reconnaissance and intelligence gathering against China. Meanwhile, the U.S. will also build an against-China camp in the SCS in collaboration with Japan, Australia, UK, India, Philippines and Vietnam. Therefore, the implementation of IPS will put pressure on China on related issues such as Code of Conduct (COC) negotiation, island construction and facilities deployment, so as to constrain China.

Nevertheless, the IPS imposes quite limited influence on China due to its internal and external restraints. First, the IPS is not the top priority of the Trump Administration. Therefore, the U.S. will likely not invest a lot on moving forward with the IPS, especially in the realm of infrastructure and transportation projects. In fact, although U.S. senior officials have repeatedly claimed to offer various programs with a large amount of money to countries in the region, few have truly materialized. Second, key figures, such as the U.S. Assistant Secretary of State, are frequently removed by President Trump, which has hampered the implementation of the IPS. Third, there are overt disputes between the U.S. and its other partners as the U.S. has emphasized more on the security element of the IPS while Japan, Australia, India and ASEAN prefer to implement the economic cooperation side. Both Japan and China have signed a MoU to jointly invest in the third market under BRI. Furthermore, an Australian businessman has also lobbied the government to promote economic relations with China. Lastly, the allies of the U.S. are suspicious of Trump's promise on implementing the IPS, and the small states in the region, ASEAN in particular, largely remain reluctant to push forward with the IPS.

SECTION FOUR-Conclusions and Recommendations

The Indo-Pacific Region has become a region of great significance in terms of geo-economics and geostrategy. China's rise, both economically and militarily, is commonly cited as the main reason for renewed world focus in this important maritime space. In this backdrop, Japan's 'Free and Open Indo-Pacific Strategy' together with the U.S.' IPS, India's 'Act East' policy and Australia's maritime strategy have come up with one main objective: to counter the rise of China. A situation where economic interdependence and strategic competition exist together with competing rules-sets is likely to continue for the next few decades. In this scenario of world power rivalry, how should China navigate forward and maintain a steady growth is the question this paper will answer now.

Working together with major powers on global issues

Countering non-traditional threats, such as piracy, terrorism, drugs, human and weapon smuggling, global pandemics, climate change, environmental degradation, and environmental protection need substantive forms of international cooperation. These efforts will need resources, finances, capacities, capabilities and technology. China should continue to play a leading role in these endeavors so as to craft a positive image of itself as a responsible player in the international system.

Do not underestimate the U.S.

Although there is a prevailing view that the U.S. is declining, it is still the only superpower in the world, both economically and militarily. Since Trump assumed office in 2016, the U.S. economy has performed well, and the military has been strengthened. In the political realm, Trump's 'Make America Great Again' has won the heart of the college electoral system. There is legitimate potential he could even win a second term despite what the anti-Trump media wants the public to believe. Additionally, the U.S. still has the capability to leverage support from many developed countries. Therefore, China should not underestimate the U.S. and be ready for a possible second term for Trump.

Be ready to face increased nationalism

In the U.S. and some of the European countries, there is a new form of chauvinistic nationalism emerging. Some Americans believe that China's growth has resulted in job cuts, social injustice and some other countries may feel that their cultural identity and national sovereignty is weakened due to Chinese influence. Some countries feel that their academic freedom is undermined by Chinese funding and large numbers of Chinese student populations studying in their institutes. China should be mindful of these feelings and guard against such a trend.

Counter accusations of predatory economics

Over the last four decades China has become the largest trading power of the world. China has overtaken the Japanese economy and has accumulated large reserves of foreign exchange. This has enhanced Chinese confidence but led to increased fears by the U.S. and its western allies. The U.S. is arguing about unfair multilateral trade, selling out American workers, moving manufacturing facilities to foreign countries, which are in fact results of globalization. The U.S. now cries foul saying that these are predatory economic policies to benefit China at America's expense. Unfortunately, China now must prove to the world that these are not 'predatory economic' policies but a byproduct of globalization and free market economics.

Counter strong accusations of debt-trap diplomacy

Accusations and arguments exist saying that China deliberately uses loans to subjugate developing countries knowing very well these countries cannot repay the loans and thereafter take control of national assets. The Hambantota port in Sri Lanka is cited time again as the perfect example of China as a proponent of 'debt trap' diplomacy, though there are many other issues related to the deal. The accusation goes on to say that China is aiming to dominate Asia, Africa and eventually the world by a combination of economic and military measures. Chinese policymakers and state-owned enterprises need to be very careful about providing loan facilities to developing countries and must ascertain their repayment capability either through economic viability of the project or overall economic development of the country.

Make BRI pay dividends to participating countries

The U.S., Japan, Australia, India and some European countries see BRI-related projects as part of a grand plan by China to expand its strategic influence and establish a military foothold in select, strategically located countries. The BRI should not be seen as a new form of colonization. The BRI should work as a trade connectivity project and once the money starts flowing and jobs are created in partner countries these accusations can be nullified and countered.

Be mindful and responsible about the development of technology

There are many accusations of Chinese companies stealing technology either covertly or through unfair business deals in order to obtain cutting edge technologies. The critics also argue that there is unfair protectionism of Chinese domestic markets and industries and western countries are unable to make substantial investment. China should enhance legitimate research and development projects and not allow cyber espionage or theft of technology or intellectual property from other countries.

Minimize hostile propaganda

Chinese propaganda should not be too harsh and hostile towards the West although it may be necessary to maintain domestic stability. The West is always arguing that China is engaging in 'propaganda warfare' to demonize the West and that erodes the confidence to undertake business or to engage with China more effectively.

Amicably settles disputes in the SCS and ECS

Chinese claims on islands and maritime features in the SCS and ECS has given rise to a destabilizing scenario in these disputed ocean spaces. Building and deployment of military forces in these disputed

islands give rise to a hegemonic and lack of respect to international law of the sea attitude by China. This situation can lead to conflict and escalate into a war. China should endeavor to resolve these issues by taking into consideration the interests of countries in their maritime neighborhood.

Strengthen multilateral and bilateral relations

The U.S. under Trump is moving away from bilateral and multilateral mechanisms. This is the time China should enhance these mechanisms for win-win outcomes. The latest U.S. strategies explicitly label China as a fundamental and existential threat to western interests. Trump will try unilateral efforts to submit China to comply with its demands such as opening of Chinese markets and eliminating state involvement in economic activities. China should develop strong multi-lateral mechanisms in a benign way to counter this threat. Discussions in Track-1 and Track-2 diplomacy would help these endeavors greatly. People-to-people contacts, linkage through Buddhism and culture, providing skills development in aspiring countries can vastly help build confidence. China should dispel the myth that it is trying to build a revisionist, China-centric new world order.

Sino-U.S. relations are likely to be more contentious in the foreseeable future. This should not translate to a zero-sum relationship. There is room in the world for more superpowers. A conflict between these major powers will be more catastrophic and far more destructive not only for the protagonists but for the whole world. Even a cold-war situation is dangerous to the world as it could become hot, even inadvertently. Both China and the U.S. should understand the consequences of proceeding on a collision course. The best way would be to find middle path to resolve the issues and to minimize the risk of escalation of other contentious issues and to avoid self-destructive attitudes.

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Wu Shicun has a PhD in history and is President and Senior Research Fellow of China's National Institute for South China Sea Studies, Chairman of Board of Directors of China-Southeast Asia Research Center on the South China Sea; Vice-President of China Institute of Free Trade Ports of Chinese Characteristics, Deputy Director of the Collaborative Innovation Center of South China Sea Studies, Nanjing University.

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